

ECONOMY

Economy on a building operation is so much a matter of time that letting a contract solely on the basis of figures is—if you will pardon the expression—a piece of unutterable folly.

Put it up to us to put it up for you!

THOMPSON-STARRETT COMPANY
Building Construction

CELESTINS
VICHY
Natural Alkaline Water

For fifty years the standard Mineral Water for the relief of Sour Stomach, Indigestion and Uric Acid. Ask your Physician.

There is now an ample supply of that famous Mineral Water and it can be readily obtained from dealers.

HENRY E. GOULD
General Distributor
456 Fourth Avenue, New York

Buy It From the Navy

U.S. NAVY
SALE

New Catalogue of
Paints Oils
Paint Ingredients
Etc.
Now Ready

Includes materials now at Navy Yard and Naval Supply Depot, Brooklyn; Portsmouth, Boston; Philadelphia; Norfolk; Hampton Roads; Washington, etc. Many attractive values, including:

Black, 75¢
White, 75¢
Yellow, 75¢
Red, 75¢
Blue, 75¢
Green, 75¢
Purple, 75¢
Brown, 75¢
Pink, 75¢
Orange, 75¢
Silver, 75¢
Gold, 75¢
Black, 75¢
White, 75¢
Yellow, 75¢
Red, 75¢
Blue, 75¢
Green, 75¢
Purple, 75¢
Brown, 75¢
Pink, 75¢
Orange, 75¢
Silver, 75¢
Gold, 75¢

EUGENE H. TRICOU,
Lieut.-Commander (S. C.) U. S. N.

Buy It From the Navy

EXPOSURE, ACHES
RHEUMATIC PAINS

Sloan's Liniment, kept handy, takes the fight out of them

SLOSHING around in the wet and then—the dreaded rheumatic twinge! But not for long when Sloan's Liniment is put on the job! Pains, strains, sprains—how soon this old family friend penetrates without rubbing and helps drive 'em away! And how cleanly, too—no mess, no odor, no stained skin or clogged pores. Muscles limber up, umbago, neuralgia, headache are promptly relieved. Keep a bottle handy. Get one today if you're run out of Sloan's Liniment, it's so warming. All druggists—35¢, 70¢, \$1.40. The largest bottle holds six times as much as the smallest.

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Suggests Efficiency

IN A HURRY?

Then save time by consulting the

Telephone Directory

of Home and Business Needs

You will find this Directory next to last page week days and in Section Six on Sundays in

The New York Herald

GROSS SALES TAX
UP AS SUBSTITUTE
FOR PROFITS LEVY

Hearings Will Bring Wide
Difference of Opinion
From Experts.

MANY FAVOR MOVE
Revenue From 1 Per Cent.
Assessment Estimated
at \$1,100,000,000.

OPPONENTS OFFER PLAN
Senator Smoot's Proposal
Likely to Be Carefully Con-
sidered by Committee.

THE NEW YORK HERALD publishes herewith the third of a series of articles which will make plain the condition of affairs at Washington with regard to taxation and tariff problems and will outline prospective legislation. In the first article, published Sunday, the excess profits tax was discussed. The second article, published yesterday, dealt with the general fiscal situation. In the present article the proposal for some kind of gross sales tax to take the place of the existing excess profits tax is considered. These special articles will be published from day to day until the series is completed.

Special Despatch to THE NEW YORK HERALD.
WASHINGTON, Dec. 6.—The proposal to substitute some sort of a gross sales tax for the existing excess profits tax in the Government's programme for tax revision will undoubtedly result in expressions of wide difference of opinion among experts on the subject when hearings begin before the House and Senate committees.

Despite the admitted necessity and desirability of a drastic revision of the methods of acquiring revenues from taxation, the great variance with which this proposal is regarded is calculated by many to retard rather than expedite tax reform even should it be attempted during the short session of the Congress.

Many members of the Ways and Means Committee of the House and certain members of the Finance Committee of the Senate, including Senator Watson of Indiana, the acting chairman, and Senator Smoot of Utah, have announced themselves in favor of a sales tax. The big argument for such a tax is its revenue producing potentiality, which is admitted, although dependable statistics regarding the various forms of applying such a tax are pure estimates and differ widely. On the other hand, many persons who at first were inclined to the principle of the sales tax have, upon closer study of the subject, reached the conclusion that, under present conditions, its application would be inadvisable. Their alternative would be a substantial increase in the tax on certain specified commodities like cigarettes, perfumes, cosmetics, photographic supplies, musical instruments, jewelry, thermos bottles and the like.

Three Plans Suggested.

The discussion now going on regarding the feasibility of a general sales tax closely parallels that which followed the close of the civil war. At that time similar proposals found widespread favor but were abandoned after the United States Revenue Commission had made a careful study of the subject and its report was submitted by the Secretary of the Treasury to Congress on January 29, 1866.

Favorable reports of the operation of such a tax in France and Canada, in a modified degree, in the Philippines are offset by the fact that the British and Italian governments, after careful consideration, reached the conclusion that such a method of taxation is a last resort measure. Consequently, its opponents urge, the principle should not be applied in the United States.

The several proposals for a general sales tax fall into three groups:

- 1.—A tax on every sale, or turnover of only of commodities but also of personal services, realty, capital assets, rent and interest.
- 2.—A tax on every sale or turnover of goods, wares and merchandise only.
- 3.—A tax on all final sales of goods, wares and merchandise for consumption or use.

The first two proposals are in reality much the same and differ principally in the scope of their application. For this reason the objections to the first apply also to the second.

The advocates of the turnover tax claim that it will in nearly every instance be shifted. That is, that it will be passed along and eventually be borne by the ultimate consumer. But the opponents of the tax on turnover principle see appreciable opportunities for loading and pyramiding with the result that the burden would become a tax against the living wage, subject to no exemption as recognized in the income tax, and to be borne by those least able to pay.

Arguments for Sales Tax.

In other words, they disagree with the proponents of the turnover tax who argue that only the exact amount of the tax will be passed on to the consumer and hold that it will be loaded to an extent even greater than the consumer has already experienced in the application of the tax on a specific commodity.

Arguing inversely, the contention is held by many that in countless instances the turnover tax could not be shifted to the consumer and would become from the outset a burden upon industry. They ask these questions: "Could a merchant with an inventory upon which prices were falling who was forced to realize cash upon it shift such a tax? Could the maker of pig iron collect a tax from a steel manufacturer whose competitor made his own pig iron and consequently did not pay the tax? Could the manufacturer of shoes collect the tax from his wholesale customer, or could these whole-

A book for which the world has waited for twenty years. See The New York Herald next Sunday—Adv.

sales collect the taxes from their retail customers in competition with the shoe manufacturer who did not pay the tax because he sold his shoes directly to the public through his own retail stores?"

There are many other objections to the principle of a tax on turnover over put forward on behalf of the business interests which may be summed up under these general heads:

1. The inequity of a tax on turnover (where it cannot be shifted) as between a business which turns its capital over once a year and one which turns its capital over several times a year is too great.
2. The administrative difficulties and cost of the application of a turnover tax are too great and its application would tend to stimulate practices inconsistent with sound business principles.
3. No dependable calculations have been submitted as to the amount of revenue such a tax would produce.

One Objection Explained.

To illustrate the first objection the tax committee of the National Industrial Conference Board in its report presents this supposition:

"The manufacturing corporation A, which employs a tax of turnover of \$1,000,000, makes a net profit of \$100,000 and has an annual gross income of \$500,000. The trading corporation B employs the same amount of capital and makes the same net profit and has an annual gross income of \$500,000. A turns his capital over in two years, B five times in one year. At the rate of 1 per cent, A pays a tax of \$10,000, which is a half of 1 per cent of the capital employed, or 5 per cent of its net profit, while B would pay \$50,000, which is 5 per cent of the capital employed and 10 per cent of its net profit."

With regard to the second objection it is pointed out that even with the exemption of street peddlers, bootblacks and other small businesses, there would be an appalling number of reports, requiring an enormous force of field and office auditors to examine and check up. In addition, complicated problems would arise as to the definition of a sale. Leases, contracts, commission and agency arrangements would be stimulated, and the practice of renting or leasing a product instead of selling it, such as now holds in cases of machinery, household electrical appliances, etc., would be largely expanded.

Estimates of the amount to be realized from the application of the turnover tax range all the way from \$500,000,000 down to \$1,500,000,000 at 1 per cent on all turnovers and down to \$750,000,000 at the same rate on commodities alone. Joseph S. McCoy, who for many years has prepared the estimates used by the Ways and Means Committee of the House and the Finance Committee of the Senate, has attempted an estimate. He finds that a tax of 1 per cent, on sales of all kinds by traders, manufacturers, mines and farms should produce about \$1,100,000,000. But this figure might be materially reduced by the exemptions Congress would be certain to allow if those permitted under the Canadian sales tax act may be taken as a criterion.

Tax on Final Sales.

The suggestion of a tax on final sales, such as Senator Smoot's proposal, instead of a tax on each turnover, is naturally subject to less criticism from business and industry and is probably the suggestion that will receive the most consideration. But above the contentions of the retail organizations throughout the country that such a tax would have to be at least 3 per cent, instead of 1 per cent, as the Senator suggests, there arises the inevitable controversy as to what constitutes a final sale. For instance, sugar sold to a householder is probably for final consumption, but sugar sold to a candy manufacturer is part of his raw material.

An automobile tire sold to an owner is a final sale, but if sold to an automobile manufacturer its full cost would again be taxed upon the sale of the completed car. While coal sold to a householder is probably for final consumption, but sugar sold to a candy manufacturer is part of his raw material.

1. Coal sold to a gas company for making gas.

2. To a steel company for making its own gas fuel.

3. To a power plant for generating power for sale.

4. To an electric railway.

5. To a manufacturer for making his own power.

To meet the objections of the retailers' organizations which declare that a final sales tax in order to justify itself would have to be at a rate of not less than 3 per cent, and that in many cases such a tax could not be shifted, the advocates of the tax claim that the retailer could equalize such cases by adding the percentage of the tax to his cost of doing business and distribute it as he would any other item of overhead. The retailers, on the other hand, claim that this cannot be done, and that if a sales tax is to be levied at all it should be levied against the manufacturers and wholesalers as well as upon them.

To-morrow's article will show why any sweeping taxation or tariff revision is impossible during the short session.

KAISERIN'S CRISIS PASSED.

DOON, Holland, Dec. 6.—Augusta Victoria, the former German Empress, who has been suffering for several weeks from heart attacks, is still in a serious condition but is so much improved that her children who were summoned from Germany are returning home.

MEYER LONDON RIOT DENIED.

Chicago Police Called Only to Prevent Overcrowding Hall.

CHICAGO, Dec. 6.—Reports of a riot at a Socialist meeting here yesterday when Meyer London, Socialist Congressman-elect from New York, attacked the Russian Soviet government, were proven erroneous by police records and statements from officials of the National Socialist party today.

So many members of the party gathered the hall to hear the address that the safety limit set for the place by city fire ordinances was exceeded. The policemen on duty in the hall asked for assistance in clearing the aisles and stairways, and when three additional uniformed men arrived, this was accomplished without difficulty. The hall was licensed to hold 1,800 persons. Police men at the hall reported that there was no disorder in connection with the meeting.

Found advertisement in the Last and Herald columns of THE NEW YORK HERALD offers a real possibility of recovering your lost property.

AMUSEMENTS.

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DREICER & CO
Pearls, Precious Stones
and Jewels
FIFTH AVENUE AT FORTY-SIXTH

2. To a steel company for making its own gas fuel.

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AMERICA'S FOREMOST THEATRES AND HITS. DIRECTION OF LEE AND J. J. SHUBERT.

CENTURY 14th St. & Broadway. 10:30. 12:30. 2:30. 4:30. 6:30. 8:30. 10:30. **THE LITTLE TRAMP** (A Comedy in Three Acts) **MECCA**

CENTURY PROMENADE 14th St. & Broadway. 10:30. 12:30. 2:30. 4:30. 6:30. 8:30. 10:30. **THE LITTLE TRAMP** (A Comedy in Three Acts) **MECCA**

WINTER GARDEN 14th St. & Broadway. 10:30. 12:30. 2:30. 4:30. 6:30. 8:30. 10:30. **THE LITTLE TRAMP** (A Comedy in Three Acts) **MECCA**

Geo. LeMaire's BREVITIES 14th St. & Broadway. 10:30. 12:30. 2:30. 4:30. 6:30. 8:30. 10:30. **THE LITTLE TRAMP** (A Comedy in Three Acts) **MECCA**

CENTRAL 14th St. & Broadway. 10:30. 12:30. 2:30. 4:30. 6:30. 8:30. 10:30. **THE LITTLE TRAMP** (A Comedy in Three Acts) **MECCA**

MATINEE TO-MORROW 10:30. 12:30. 2:30. 4:30. 6:30. 8:30. 10:30. **THE LITTLE TRAMP** (A Comedy in Three Acts) **MECCA**

Booth 14th St. & Broadway. 10:30. 12:30. 2:30. 4:30. 6:30. 8:30. 10:30. **THE LITTLE TRAMP** (A Comedy in Three Acts) **MECCA**

FAVERHAM 14th St. & Broadway. 10:30. 12:30. 2:30. 4:30. 6:30. 8:30. 10:30. **THE LITTLE TRAMP** (A Comedy in Three Acts) **MECCA**

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MADGE KENNEDY 14th St. & Broadway. 10:30. 12:30. 2:30. 4:30. 6:30. 8:30. 10:30. **THE LITTLE TRAMP** (A Comedy in Three Acts) **MECCA**

VANDERBILT 14th St. & Broadway. 10:30. 12:30. 2:30. 4:30. 6:30. 8:30. 10:30. **THE LITTLE TRAMP** (A Comedy in Three Acts) **MECCA**

IRENE 14th St. & Broadway. 10:30. 12:30. 2:30. 4:30. 6:30. 8:30. 10:30. **THE LITTLE TRAMP** (A Comedy in Three Acts) **MECCA**

APOLLO 14th St. & Broadway. 10:30. 12:30. 2:30. 4:30. 6:30. 8:30. 10:30. **THE LITTLE TRAMP** (A Comedy in Three Acts) **MECCA**

FRANCES WHITE 14th St. & Broadway. 10:30. 12:30. 2:30. 4:30. 6:30. 8:30. 10:30. **THE LITTLE TRAMP** (A Comedy in Three Acts) **MECCA**

JIMMIE 14th St. & Broadway. 10:30. 12:30. 2:30. 4:30. 6:30. 8:30. 10:30. **THE LITTLE TRAMP** (A Comedy in Three Acts) **MECCA**

SELWYN 14th St. & Broadway. 10:30. 12:30. 2:30. 4:30. 6:30. 8:30. 10:30. **THE LITTLE TRAMP**